Programming

The following table reflects a sampling of the Company's principal syndicated programming contracts:

	Syndicated Program	Date Available for Initial Broadcast	Date of Expiration
WBFF	Home Improvement	September 1995	February 2000
	The Simpsons	September 1994	September 1999
	Coach	September 1994	August 1999
	Cheers	September 1991	January 1999
	Star Trek: The Next Generation	December 1988	November 1998
	Doogie Howser, MD	September 1994	August 1998
	The Wonder Years	September 1992	August 1997
	Married . . . With Children	October 1991	January 1996
	M*A*S*H	October 1990	September 1995
	21 Jump Street	September 1990	August 1995
	Gimme A Break	March 1991	March 1995
	The Jeffersons	January 1989	December 1994
	Good Times	December 1990	September 1994
	Saved By The Bell	September 1992	August 1994
	Different Strokes	September 1991	August 1994
	Ricki	September 1993	August 1994
WPGH	Home Improvement	September 1995	February 2000
	The Simpsons	September 1994	September 1999
	Deep Space Nine	September 1996	September 1999
	Coach	September 1994	September 1999
	Harry & The Hendersons	September 1994	March 1999
	Doogie Howser, MD	September 1994	August 1998
	The Wonder Years	September 1992	August 1997
	Roseanne	September 1992	March 1997
	Hunter	January 1992	December 1996
	Full House	September 1994	March 1996
	Mama's Family	December 1991	September 1995
	Married . . . With Children	September 1991	March 1995
	Newhart	April 1989	March 1995
WTTE	Home Improvement	September 1995	February 2000
	The Simpsons	September 1994	September 1999
	Coach	September 1994	September 1999
	Deep Space Nine	September 1996	September 1999
	Doogie Howser, MD	September 1994	August 1998
	Star Trek: The Next Generation	December 1988	December 1997
	Roseanne	September 1992	March 1997
	Murphy Brown	September 1992	February 1997
	The Wonder Years	September 1994	September 1996
	Head Of The Class	July 1991	September 1996
	Hunter	September 1991	August 1996
	Perfect Strangers	September 1991	August 1996
	Mama's Family	January 1991	February 1996
	M*A*S*H	September 1990	September 1995
	21 Jump Street	September 1990	August 1995
	Mr. Belvedere	September 1989	August 1995
	The Hogan Family	June 1991	June 1995

Competition

The Company's television stations compete for audience share and advertising revenue with other television stations in their respective markets, as well as with other advertising media, such as newspapers, radio, magazines, outdoor advertising, transit advertising, yellow page directories, direct mail and local cable systems. Some competitors are part of larger organizations with substantially greater financial, technical and other resources than the Company.

Competition in the broadcasting industry occurs primarily in individual markets. Generally, a television broadcasting station in one market does not compete with stations in other market areas. The Company's television stations are located in highly competitive markets. In addition, the Baltimore market is overlapped by both over-the-air and cable carriage of Washington, D.C. stations which tends to spread viewership and advertising expenditures over a larger number of broadcast stations.

Stations compete for audience share primarily on the basis of program popularity, which has a direct effect on advertising rates. A majority of the Company's prime time programming is supplied by Fox. In those periods, the stations are totally dependent upon the performance of the Fox programs in attracting viewers. Non-network time periods are programmed by the station primarily with syndicated programs purchased for cash, cash and barter, or barter-only, and also through self-produced news, public affairs and other entertainment programming.

Advertising rates are based upon the size of the market in which the station operates, a program's popularity among the viewers that an advertiser wishes to attract, the number of advertisers competing for the available time, demographic makeup of the market served by the station, the availability of alternative advertising media in the market area, aggressive and knowledgeable sales forces and development of projects, features and programs that tie advertiser messages to programming.

Other factors that are material to a television station's competitive position include signal coverage, local program acceptance, network affiliation, audience characteristics and assigned broadcast frequency. The broadcasting industry is continuously faced with technological change and innovation, the possible rise in popularity of competing entertainment and communications media, and governmental restrictions or actions of federal regulatory bodies, including the FCC and the Federal Trade Commission, any of which could possibly have a material effect on the Company's operations and results.

The development of methods of television transmission other than over-the-air broadcasting, and in particular the growth of cable television, has significantly altered competition for audience share in the television industry. These other transmission methods can increase competition for a broadcasting station by bringing into its market distant broadcasting signals not otherwise available to the station's audience and also by serving as a distribution system for programming originating on the cable system.

Through the 1970s, television broadcasting in general enjoyed virtual dominance in viewership and television advertising revenues because network-affiliated stations competed only with each other in most local markets. Although cable television systems were initially used to retransmit broadcast television programming to paid subscribers in areas with poor broadcast signal reception, significant increases in penetration into homes occurred throughout the 1970s and 1980s despite signal reception problems. As the technology of satellite program delivery to cable systems advanced in the late 1970s, development of programming for cable television accelerated dramatically, resulting in the emergence of multiple, national-scale program alternatives and the rapid expansion of cable television and higher subscriber growth rates. Historically, cable operators have not sought to compete with broadcast stations for a share of the local news audience. To the extent they elect to do so, increased competition from cable operators for local news audiences could have a material adverse effect on the Company's advertising revenues.

Other sources of competition for audience include home entertainment systems (including video cassette recorder and playback systems, videodiscs and television game devices), multipoint distribution systems, multichannel multipoint distribution systems, wireless cable, satellite master antenna television systems and some low-power, in-home satellite services. The Company's television stations

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also may face future competition from high-powered direct broadcast satellite services which could transmit programming directly to homes equipped with special receiving antennas or to cable television systems for transmission to their subscribers.

Further advances in technology may increase competition for household audiences and advertisers. Video compression techniques, now under development for use with current cable channels or direct broadcast satellites (scheduled to commence operation in 1994), are expected to reduce the bandwidth required for television signal transmission. These compression techniques, as well as other technological developments, are applicable to all video delivery systems, including over-the-air broadcasting, and have the potential to provide vastly expanded programming to highly targeted audiences. Reduction in the cost of creating additional channel capacity could lower entry barriers for new channels and encourage the development of increasingly specialized "niche" programming. This ability to reach very defined audiences may alter the competitive dynamics for advertising expenditures. The Company is unable to predict the effect that technological changes will have on the broadcast television industry or the future results of the Company's operations.

The Company also competes for programming which involves negotiating with national program distributors or syndicators which sell first-run and rerun packages of programming. The Company's stations compete for exclusive access to those programs against in-market broadcast station competitors for syndicated products. Cable systems generally do not compete with local stations for programming, although various national cable networks from time to time have acquired programs that would have otherwise been offered to local television stations.

Fox has recently announced that it will provide programming on a designated Fox channel over one major cable network, and that it plans to negotiate similar transactions with other cable companies. The Company expects that the programming offered by Fox on this channel will be different from the programming broadcast on the Fox affiliates; nevertheless, such programming may have an impact upon the viewers of Fox over-the-air programming. The Company cannot predict the impact of the Fox cable programming or whether the cable companies now carrying WBFF, WPGH and/or WTTE will carry the proposed Fox cable channel. However, the proposed Fox cable channel, if carried by cable companies now carrying the Company's stations, could cause a decline in viewership of the Company's stations which could have a material adverse effect on the Company's operations.

The Company believes it competes favorably against other stations because of its management skill and experience, the ability of the Company to generate revenue share greater than its audience share, the Fox network affiliation and its local program acceptance. In addition, the Company believes that it benefits from the operation of more than one broadcast property, affording it certain non-quantifiable economies of scale and competitive advantages in the purchase of programming.

Employees

As of August 31, 1993, the Company had approximately 215 full-time employees and 60 part-time employees. With the exception of the employees of WPGH, none of the employees are represented by labor unions under any collective bargaining agreement. No significant labor problems have been experienced by the Company, and the Company considers its overall labor relations to be good.

Properties

Generally, each of the Company's stations has facilities consisting of offices, studios and tower sites. Transmitter and tower sites are located to provide maximum signal coverage of the stations' markets. The following tables generally describe the Company's principal owned and leased real property:

Owned Facilities	Use	Location	Approx. Size (Sq.Ft.)
WTTE(1)	Office/Studio	Westerville, Ohio	14,400
WPTT(2)	Office/Studio	Monroeville, PA	30,000

(1) This property is owned by WPGH, Inc. and leased to WTTE, Inc.

(2) This property is owned by the Company and leased to WPTT, Inc.

Leased Facilities	Use	Location	Approx. Size (Sq.Ft.)	Lease Expiration Date(1)
WBFF	Office/Studio	Baltimore, MD	39,000	9/1/2011
	Tower Site #1 (Dish)	Baltimore, MD	N/A	4/1/2012
	Tower Site #1 (Receivers)	Baltimore, MD	N/A	6/1/2011
	Tower Site #1 (Transmitter/Antenna)	Baltimore, MD	N/A	4/2/2007
	Tower #2 (Auxiliary Transmitter/ Antenna)	Baltimore, MD	N/A	3/16/2008
	Parking Lot	Baltimore, MD	N/A	6/6/94
	Old Office/Studio	Baltimore, MD	13,000	mo. to mo.
WPGH	Office/Studio	Pittsburgh, PA	25,498	10/1/2028
	Tower Site (Antenna)	Pittsburgh, PA	N/A	10/1/2028
WTTE	Tower Site (Transmitter/Antenna)	Columbus, OH	N/A	6/1/2003

(1) Lease expiration date assumes exercise of all renewal options of the Company.

All of the Company's leased facilities, except for the tower site (transmitter/antenna) for WTTE, are owned by and leased from affiliated corporations of the Company. All leases are at market rates, and the Company believes that the duration of each lease is adequate. See "Certain Transactions." The WTTE tower site is leased from Ohio State University. All of the properties leased from affiliates are mortgaged and all such leasehold interests have been assigned under the Bank Credit Agreement.

The Company believes that its properties, both owned and leased, are in good operating condition, subject to normal wear and tear, and are suitable and adequate for the Company's current business operations.

Upon consummation of the Proposed Acquisitions, the Company will own tower sites in Birmingham and Windham Springs, Alabama and an office/studio of approximately 35,000 square feet in Milwaukee, Wisconsin. These sites in Alabama and Wisconsin may be sold to an affiliate at fair market value and leased back to the Company at market rental rates in accordance with the Company's standard practice. In addition, the Company will assume the lease of a 9,750 square foot office/studio in Birmingham, Alabama that runs until January 2006, and a tower site in Milwaukee, Wisconsin that runs until December 1999.

Legal Proceedings

The Company currently and from time to time is involved in litigation incidental to the conduct of its business. The Company is not a party to any lawsuit or proceeding which, in the opinion of the Company, is likely to have a material adverse effect on the Company.

Licensing and Regulation

The following is a brief summary of certain provisions of the Communications Act and of specific FCC regulations and policies. Reference should be made to the Communications Act, FCC rules, and the public notices and rulings of the FCC for further information concerning the nature and extent of the federal regulation of broadcast stations.

All television broadcasting is subject to the jurisdiction of the FCC pursuant to the Communications Act. The FCC is empowered to: (i) issue, renew, revoke, and modify broadcast licenses; (ii) prescribe qualifications for holding broadcast licenses; (iii) regulate the broadcast frequency, operating power, and location of, and the transmitting equipment used by stations; (iv) adopt rules and regulations necessary to carry out the provisions of the Communications Act; and (v) impose certain penalties for violations of the Communications Act and of the FCC regulations. Such regulations affect many aspects of the day-to-day operations of television stations.

Usually, television station licenses are granted for a maximum allowable period of five years and are renewable thereafter for additional five year periods. The FCC may revoke licenses for serious violation of its regulations. Petitions to deny renewal of a license or competing applications may be filed for the frequency used by the renewal applicants on or before the first day of the last month of a license term. Generally, however, in the absence of serious violations of FCC rules or policies and upon a showing that the station has dealt significantly with important issues concerning its community of license, the license renewal is expected in the ordinary course. All three of the Company's stations are presently operating under regular five-year licenses, which expire on August 1, 1994 (WPGH), October 1, 1996 (WBFF) and October 1, 1998 (WTTE).

No broadcast licensee can assign or transfer control of the license without the prior approval of the FCC. Under the Communications Act, (i) no license may be held by a corporation of which any officer or director is an alien or of which more than 20% of the capital stock is owned of record, voted, or subject to control by aliens, and (ii) no corporation may control another corporation holding broadcast licenses if any officers or more than 25% of the directors of such parent corporation are aliens, or more than 25% of the capital stock of such parent corporation is owned of record, voted, or subject to control by aliens unless the FCC finds such alien interests in the parent corporation to be in the public interest. The Company and the Subsidiaries are domestic corporations, and the Current Stockholders are all United States citizens.

"Must Carry/Retransmission Rule." In the past, cable systems were required to carry all broadcast stations that met the definition of a "local" or "significantly" viewed station. These rules were called the "Must Carry Rules." However, the "Must Carry Rules," in the form previously adopted by the FCC, were declared unconstitutional. Immediately thereafter, cable systems were not required to carry local television station signals and could shift a station to an undesirable channel position on the cable system. Legislation recently passed in Congress has now established a new version of the "Must Carry Rules." Now, a local television station had to make an election by June 15, 1993 to: (i) require the appropriate cable systems to carry said local station; or (ii) grant the appropriate cable system the authority to retransmit the broadcast signal of the local station for a fee. Even if the local station elects to grant authority to the cable system to retransmit its broadcast signal, the cable system is under no obligation to carry the local station unless acceptable terms and conditions for said rebroadcast have been agreed to on or before October 5, 1993. If a station is not carried by a cable system in its area or shifted to an undesirable channel, said station could experience a decline in viewership which could adversely affect its revenues. The Company has approached most of its cable systems on a retransmission basis, but on certain outlying cable systems, it has elected must carry status.

Syndicated Exclusivity/Territorial Exclusivity. The FCC has imposed syndicated exclusivity rules and expanded existing network nonduplication rules. These syndicated exclusivity rules allow local broadcast stations to command that cable operators black out certain syndicated non-network programming carried on "distant signals" (*i.e.*, signals of broadcast stations, including so-called super stations, which serve areas substantially removed from the cable system's local community). The network non-duplication rules allow local broadcast network affiliates to require that cable operators black out duplicating network broadcast programming carried on more distant signals. WTTE and WPGH are the only Fox affiliates carried on their respective local cable systems; however, some of the cable systems which carry WBFF also carry the Fox-owned station, Channel 5, in Washington, D.C. This is not in violation of the FCC syndicated exclusivity rules. However, the carriage of two Fox stations on the same cable system could result in a decline of viewership adversely affecting the revenues of WBFF.

Financial Interest/Syndication and Prime Time Access Rules. Previously, financial interest/syndication ("FIN/SYN") rules applied to any network and posed various restrictions on its operation and activities. Network status has been considered to exist under these rules when a broadcast company's weekly programming offerings exceed 15 hours. These rules prohibited networks from engaging in syndication for the sale, licensing, or distribution of television programs for non-network broadcast exhibition in the United States. Further, these rules prohibited networks from sharing profits from any syndication and from acquiring any new financial or proprietary interest in programs of which they are not the sole producer.

The FCC has recently relaxed the restrictions on current FIN/SYN rules, enabling the major networks to acquire specified amounts and kinds of financial interests in program syndication and to engage in program syndication themselves. The Company cannot predict the effect of these relaxed restrictions under the FIN/SYN rules on the Company's ability to acquire desirable programming at reasonable prices.

The FCC's prime time access rule also places programming restrictions on affiliates of "networks." In the past, this rule restricted affiliates of "networks" in the 50 largest television markets (as defined by the rule) generally to no more than three hours of network programming during the four hours of prime time. All of the Company's stations are located in the nation's top 50 markets.

Recently, the FCC changed its definition of "network" to include those entities that deliver more than 15 hours of "prime time programming" (a term defined in those rules) to affiliates reaching 75% of the nation's television homes. Under this definition, Fox and its affiliates, including the Company's station, are not subject to the prime time access rule. This could, however, change in the future and could adversely affect the Company's business.

Ownership Limitations. The FCC has adopted a number of rules designed to prevent monopolies or undue concentrations of control. In general, no single entity is currently permitted to own, operate, or have an attributable interest in more than 18 AM radio stations, 18 FM radio stations, and 12 television stations. Another FCC rule prohibits any entity from acquiring an additional television station if, after the acquisition, the entity owns television stations reaching more than 25% of the United States television households. Historically, VHF stations have shared a larger part of the market than UHF stations. As such, only half of the households in the market area of any UHF station owned by an entity are included when calculating whether an entity reaches more than 25% of the United States television households. All of the Company's stations are UHF. The FCC also prohibits ownership in the same geographic area of: (i) television stations and cable systems; (ii) television stations and newspapers; and (iii) television stations and radio stations in markets below the top 25 or, in general, which, even if among the top 25, do not have at least 30 separate broadcast station owners.

When applying its multiple ownership rules, the FCC attributes the interest of corporate licensees to the holders of corporate interests as follows: (i) any voting stock interest amounting to 5% or more of the outstanding voting stock of the corporate broadcast licensee generally will be attributable; (ii) no minority voting stock interest will be attributable if there is a single holder of more than 50% of the outstanding voting stock of a corporate broadcast licensee; and (iii) in general, certain investment companies, insurance companies, and banks holding stock through their trust departments in trust accounts will be considered to have an attributable interest only if they hold 10% or more of the outstanding voting stock of a corporate broadcast licensee. Further, corporate officers and directors and general partners and most limited partners of partnerships may be personally attributed with media interests of the corporations or partnerships of which they are officers, directors, or partners. The present stockholders of the Company hold attributable interests in two entities owning media properties, namely: Channel 63, Inc., licensee of a UHF television station in Bloomington, Indiana serving the Indianapolis media market under the call letters WIIB, and Bay Television, Inc., licensee of a UHF television station serving the St. Petersburg, Florida market under the call letters WTTA. Neither station is a Fox affiliate. All of the issued and outstanding shares of Channel 63, Inc. are owned by the Current Stockholders. All the issued and outstanding shares of Bay Television, Inc. are owned by the Current Stockholders (75%) and Robert L. Simmons (25%), a former stockholder of the Company. The Company believes that such holdings will not materially restrict its ability to acquire television stations or to pursue its strategy of expansion through acquisitions.

Restrictions on Broadcast Advertising. Advertising of cigarettes and distilled spirits on broadcast stations has been banned for many years. Congressional committees have recently examined legislation proposals which may eliminate or severely restrict the advertising of beer and wine. Although no prediction can be made as to whether any or all of the present proposals will be enacted into law, the elimination of all beer and wine advertising would have an adverse effect upon the revenues of the Company's television stations, as well as the revenues of other stations which carry beer and wine advertising.

The FCC has imposed commercial time limitations in children's programming pursuant to legislation. In programs designed for viewing by children of 12 years of age and under, commercial matter will be limited to 12 minutes per hour on weekdays and 10.5 minutes per hour on weekends. All television stations will be required to broadcast some television programming designed to meet the educational and informational needs of children 16 years of age and under. The Company does not believe that these requirements will have a significant impact on the stations since all of its stations have already limited commercials in such programming.

Programming and Operation. The Communications Act requires broadcasters to serve the "public interest." The FCC gradually has relaxed or eliminated many of the more formalized procedures it had developed in the past to promote the broadcast of certain types of programming responsive to the needs of a station's community of license. Licensees continue to be required, however, to present programming that is responsive to community issues, and to maintain certain records demonstrating such responsiveness. Complaints from viewers concerning a station's programming often will be considered by the FCC when it evaluates renewal applications of a licensee, although such complaints may be filed at any time and generally may be considered by the FCC at any time. Stations also must follow various rules promulgated under the Communications Act that regulate, among other things, political advertising, sponsorship identifications, the advertisement of contests and lotteries, obscene and indecent broadcasts, and technical operations, including limits on radio frequency radiation. In addition, licensees must develop and implement affirmative action programs designed to promote equal employment opportunities, and must submit reports to the FCC with respect to these matters on an annual basis and in connection with a renewal application.

Failure to observe these or other rules and policies can result in the imposition of various sanctions, including monetary forfeitures, or the grant of "short" (less than the full five-year) renewal terms or, for particularly egregious violations, the denial of a license renewal application or the revocation of a license.

Proposed Changes. On March 12, 1992, the FCC initiated a proceeding to solicit comment on whether it should liberalize its radio and television broadcast ownership "attribution" rules by (i) raising the basic benchmark for attributing ownership in a corporate licensee from 5% to 10% of the licensee's voting stock; (ii) increasing from 10% to 20% of the licensee's voting stock the attribution benchmark for "passive investors" in corporate licensees; (iii) broadening the class of investors eligible for "passive investor" status; and (iv) exempting certain widely-held limited partnership interests from attribution where each individual interest represents an insignificant percentage of total partnership equity.

The Congress and the FCC have under consideration, and in the future may consider and adopt, new laws, regulations and policies regarding a wide variety of matters that could affect, directly or indirectly, the operation, ownership and profitability of the Company's broadcast stations, result in the loss of audience share and advertising revenues for the Company's broadcast stations, and affect the ability of the Company to acquire additional broadcast stations or finance such acquisitions. Such matters include: (i) changes to the license renewal process; (ii) proposals to impose spectrum use or other fees on FCC licensees; (iii) the FCC's equal employment opportunity rules and other matters relating to minority and female involvement in the broadcasting industry; (iv) proposals to change rules relating to political broadcasting; (v) technical and frequency allocation matters; (vi) changes in the FCC's cross-interest, multiple ownership and cross-ownership policies; (vii) changes to broadcast technical requirements; (viii) proposals to allow telephone companies to deliver audio and video programming to the home through existing phone lines; and (ix) proposals to limit the tax deductibility of advertising expenses by advertisers.

The FCC is initiating a Notice of Inquiry proceeding seeking comment on whether the public interest would be served by establishing limits on the amount of commercial matter broadcast by television stations. No prediction can be made at this time as to whether the FCC will impose any limits on commercials at the conclusion of its deliberations, or what effect, if any, the imposition of limits on the commercial matter broadcast by television stations would have upon the Company's operations.

The Company cannot predict what other matters might be considered in the future, nor can it judge in advance what impact, if any, the implementation of any of these proposals or changes might have on its business.

MANAGEMENT

Executive Officers, Directors and Significant Employees

The executive officers, directors and significant employees of the Company are as follows:

Name	Age	Title
David D. Smith(1)	42	President, Chief Executive Officer, Director and Chairman of the Board
Frederick G. Smith(2)	44	Vice President and Director
J. Duncan Smith(2)	39	Secretary and Director
Robert E. Smith(3)	30	Treasurer and Director
David B. Amy	41	Controller
John Quigley	50	General Manager of WTTE
Alan Frank	43	General Manager of WPGH
Steven Marks	36	General Manager of WBFF

(1) Class Three Director.
(2) Class Two Director.
(3) Class One Director.

The Board of Directors is divided into three classes: Class One directors serve until May 1994; Class Two directors serve until May 1996; and Class Three directors serve until May 1998. At the expiration of their respective terms, directors are elected to serve for five-year terms and until their successors are duly elected and qualified. Executive officers are appointed by the Board of Directors annually to serve for one-year terms and until their successors are duly appointed and qualified. David D. Smith, Frederick G. Smith, J. Duncan Smith and Robert E. Smith are brothers. The Company anticipates nominating an Independent Director (as defined in the Indenture) prior to the consummation of the Offering.

David D. Smith has served as President, Chief Executive Officer and Chairman of the Board since September 1990. Prior to that, he served as General Manager of WPTT from 1984, and assumed the financial and engineering responsibility for the Company, including the construction of WTTE in 1984.

In 1980, Mr. Smith founded Comark Television, Inc., which applied for and was granted the permit for WPXT-TV in Portland, Maine and which purchased WDSI-TV in Chattanooga, Tennessee. WPXT-TV was sold one year after construction and WDSI-TV was sold two years after its acquisition. From 1978 to 1986, Mr. Smith founded and operated Comark Communications, Inc., a company engaged in the manufacture of high power transmitters for UHF television stations. His television career began with WBFF in Baltimore, where he helped in the construction of the station and was in charge of technical maintenance until 1978.

Frederick G. Smith has served as Vice President of the Company since 1990 and as a Director since 1986. Prior to joining the Company full time in 1990, Dr. Smith was a surgical dentist engaged in private practice and the author of several scientific publications.

J. Duncan Smith has served as Secretary and a Director of the Company since 1988. Prior to that, he worked extensively on the construction of WPTT in Pittsburgh, WTTE in Columbus, WIIB in Bloomington and WTTA in St. Petersburg, as well as on the renovation of the new studio, offices and news facility for WBFF in Baltimore.

Robert E. Smith has served as Treasurer and a Director of the Company since 1988. Prior to that, he served as Program Director at WBFF from 1986. Prior to that, he assisted in the construction of WTTE and worked at Comark Communications, Inc. installing UHF transmitters.

David B. Amy has served as Controller of the Company since 1986. Before that, he served as the Business Manager for WPTT. Prior to joining the Company in 1984, Mr. Amy was an accounting manager of Penn Athletic Products Company in Pittsburgh, Pennsylvania.

Alan Frank has served as General Manager of WPGH since September 1991. From 1986 until joining the Company in 1991, Mr. Frank served as station manager and general sales manager at WTOG-TV in Tampa, Florida. Prior to that he served in various executive capacities at WFLX-TV and WPTV-TV in West Palm Beach, Florida.

John Quigley has served as General Manager of WTTE since July 1985. Prior to joining WTTE, Mr. Quigley served in broadcast management positions at WCPO-TV in Cincinnati, Ohio and WPTV-TV in West Palm Beach, Florida.

Steven Marks has served as General Manager of WBFF since July 1991. From 1986 until joining WBFF in 1991, Mr. Marks served as General Sales Manager at WTTE. Prior to that, he was a national sales manager for WFLX-TV in West Palm Beach, Florida.

EXECUTIVE COMPENSATION

The following table sets forth certain information regarding the annual and long-term compensation by the Company for services rendered in all capacities during the year ended December 31, 1992 by the Chief Executive Officer and the three other executive officers of the Company:

Name and Principal Position	Annual Compensation Salary	Other Annual Bonus(1)	All Other Compensation(2)	Compensation(3)
David D. Smith President and Chief Executive Officer	$ 225,813	$ 202,130	$ 3,677	$ 3,305
Frederick G. Smith Vice President	140,954	199,350	6,724	5,379
J. Duncan Smith Secretary	151,385	199,350	10,559	2,942
Robert E. Smith Treasurer	140,954	199,350	8,273	2,911
All executive officers and significant employees as a group (8 persons).......	1,188,416	1,264,007	40,651	27,559

(1) Bonuses are paid in accordance with the Executive Bonus Plan consistent with past practices.

(2) Other annual compensation consists of income for personal use of Company-leased automobiles.

(3) All other compensation consists of the Company's 401(k) contribution, life insurance and long-term disability coverage. The Company's 401(k) contributions for David D. Smith, Frederick G. Smith, J. Duncan Smith and Robert E. Smith were $2,290, $4,364, $1,927 and $1,896, respectively. Additional life insurance was $540, $540, $540 and $540, respectively and long-term disability coverage was $475, $475, $475 and $475, respectively.

The Company does not currently pay any Directors' fees.

Employment Agreement

No officer has a written employment agreement with the Company.

Executive Bonus Plan

Key management employees are eligible to participate in the Company's Executive Bonus Plan (the "Bonus Plan"). The Bonus Plan is designed to provide incentives to executive officers and other key employees to achieve certain operating objectives of the Company, and is administered by the Board of Directors. Participants are selected based upon their ability to affect profitability. Annual cash awards are based primarily on the attainment of certain operating objectives. The Bonus Plan is intended to reward specific operating accomplishments and provide competitive levels of compensation for the attainment of those financial objectives. Under the Bonus Plan, target awards are established for executive officers as a percentage of their base salary range. The targeted awards are subject to decrease or increase based on the Company's actual performance and at the discretion of the Board of Directors. The Board of Directors may also grant discretionary awards to certain key employees.

The bonuses in an aggregate amount of $10.0 million paid to the executive officers in the third quarter of 1993 are special bonuses being awarded to such executive officers to reward them for their service with the Company during the period from 1990 to 1993, and have not been made pursuant to the Bonus Plan.

Board of Directors Interlocks and Insider Participation

All of the executive officers of the Company serve as directors of corporations that have a director or executive officer who is also a director of the Company. During 1992, each of the executive officers of the Company participated, in his capacity as a director, in deliberations of the Company's Board of Directors concerning executive officer compensation.

CERTAIN TRANSACTIONS

Four Jacks Broadcasting, Inc.

Four Jacks, a company wholly owned by the Current Stockholders, has filed a competing application with the FCC for the broadcast license for VHF Channel 2 in Baltimore, Maryland. Because of the FCC's multiple ownership rules, the principals of Four Jacks have committed themselves in their application for Channel 2 to divest the Company's interest in the broadcast license for WBFF in Baltimore if Channel 2 is awarded to them and before assuming operational control of Channel 2.

Sale of WPTT

In August 1991, the Company sold the FCC license and certain other assets of WPTT in Pittsburgh to WPTT, Inc. for a sales price of $7.0 million. The purchase price was financed by WPTT, Inc., the new owner, through (i) a 15-year senior secured term note of $6.0 million (the "WPTT Note"), and (ii) a 20-year 8.5% redeemable subordinated convertible debenture (the "Convertible Debenture") in the aggregate principal amount of $1.0 million. At the same time, the Company entered into agreements to lease the tower and station buildings to WPTT, Inc. for use in the operation of WPTT.

Principal payments on the WPTT Note are required to be made over the five-year period, in the amount of $100,000 each month, commencing on October 1, 2001 and ending on September 30, 2006, at which time any unpaid amounts on the WPTT Note are due. Interest payments, which are computed on a floating interest rate equal to the prime rate plus 4.5 percentage points, began on October 1, 1991 and are payable monthly until maturity. At September 1, 1993, the entire principal balance remains due.

The Convertible Debenture, which matures on September 30, 2011, is convertible, in whole or in part, by the holder at any time prior to maturity, subject to the approval of the FCC, into up to 80% of the capital stock of WPTT, Inc., such shares to be non-voting. WPTT, Inc. has agreed not to issue any other debentures or like instruments during the term of the debenture without the express written consent of the holder.

In December 1991, KCI, a corporation wholly owned by the Current Stockholders, entered into a Programming Services Agreement (the "Programming Agreement") with WPTT, Inc. pursuant to which KCI agreed to provide programming to WPTT during certain time periods, and WPTT agreed that KCI could sell, or engage a third party to sell, advertising time on WPTT during such programming. In consideration for WPTT broadcasting the programming provided by KCI, KCI agreed to pay an hourly fee. In January 1992, KCI entered into a management agreement and other arrangements with WPGH, Inc., a Subsidiary of the Company, whereby KCI and WPGH, Inc. agreed that WPGH, Inc. may provide to KCI its excess programming which will assist KCI in providing programming to WPTT under the Programming Agreement. As consideration for the programming provided by WPGH, Inc., WPGH, Inc. sells the advertising time allotted to KCI under to the Programming Agreement. Pursuant to these arrangements, WPGH, Inc. receives a 10% commission on the advertising time sold. During 1992 and the six months ended June 30, 1993, WPGH, Inc. received gross commissions of $294,000 and $213,000, respectively. The total net commissions earned by WPGH, Inc. were approximately $112,000 in 1992 and $54,000 during the six months ended June 30, 1993. In addition, the Company received from KCI broadcast time for promotions valued at $40,000 in 1992 and $17,000 during the six months ended June 30, 1993.

During 1992, the Convertible Debenture was assigned to the Current Stockholders in exchange for the payment of $100,000 and the issuance of a $900,000 note, which bears interest at 7.9% per annum and matures in April 2002.

In March 1993, the Company assigned the WPTT Note to Julian S. Smith and Carolyn C. Smith (the parents of the Current Stockholders), both former stockholders of the Company, in exchange for the payment of $50,000 and the issuance of a $6,559,000 note which bears interest at 7.21% per annum and requires interest only payments through September 2001. Monthly principal payments of $109,317 plus interest are payable commencing in November 2001 and ending in September 2006, at which time the remaining principal balance plus accrued interest, if any, is due.

Sale of WIIB

In September 1990, the Company sold all the stock of Channel 63, Inc., the owner of WIIB in Bloomington, to the Current Stockholders for $1.5 million, financed by a note issued to the Company bearing interest at the rate of 10.25% per annum (the "WIIB Note"), which was guaranteed by WIIB. In June 1992, the then outstanding principal balance on the WIIB Note of $1,458,489 was refinanced. The new note bears interest at 6.88% per annum, is payable in monthly principal and interest payments of $16,000 until September 30, 2000, at which time a final payment of approximately $431,000 is due. The WIIB Note, and all renewals, extentions, substitutions, refinancings and restatements thereon, is pledged to Chase Bank pursuant to the Bank Credit Agreement. At June 30, 1993, $1,355,706 remained outstanding. At the time of the sale WIIB was, and is currently, a Home Shopping Network affiliate.

Bay Television, Inc.

In April 1990, Chesapeake Television, Inc. ("CTI"), a Subsidiary of the Company, sold certain station equipment to Bay Television, Inc. in exchange for the issuance of a note in the principal amount of $503,359 payable over five years with an interest rate of 11% per annum (the "Bay Transmitter Note"). Bay Television, Inc. is owned 75% by the Current Stockholders and 25% by Robert L. Simmons, a former stockholder of the Company, and is the owner and operator of WTTA in St. Petersburg. At June 30, 1993, $216,000 remained outstanding under the Bay Transmitter Note.

In connection with the capitalization of Bay Television, Inc. the Company agreed to loan the Current Stockholders up to $3 million on May 17, 1990, and the Current Stockholders simultaneously agreed to loan Bay Television, Inc. up to $3 million (collectively, the "Bay Credit Facility"). Each of the loans to the Current Stockholders and to Bay Television, Inc. pursuant to the Bay Credit Facility is evidenced by a secured note due December 31, 1999 accruing interest at a floating rate equal to the prime rate plus one percentage point. The principal balance, payable over six years commencing on March 31, 1994, is required to be repaid quarterly at a rate of: (i) 1.25% each quarter for the first year; (ii) 2.5% each quarter for the second year; (iii) 5% each quarter for years three through five; and (iv) 6.25% each quarter for the last year. Interest on the unpaid principal amount of each note is also payable quarterly. The notes pursuant to the Bay Credit Facility are pledged to Chase Bank pursuant to the Bank Credit Agreement. At September 1, 1993, a principal balance of $2.5 million remained outstanding under the Bay Credit Facility.

Loans to Affiliates

In January 1991, the Company loaned Robert E. Smith $100,000 payable on demand and bearing interest at the rate of 8.87%. In June 1992, the Board of Directors of the Company reduced the interest rate to 7.87%, effective June 1, 1992. This note was paid in full and cancelled on September 27, 1993.

In June 1992, the Company loaned David D. Smith $250,000 payable on demand and bearing interest at the rate of 7.87%. The Company also loaned $250,000 to J. Duncan Smith on the same terms. In 1993, the interest rate on J. Duncan Smith's note was changed to the current Applicable Federal Rate, effective January 1, 1993. Both of these notes were paid in full and cancelled on September 27, 1993.

Affiliated Leases

From 1987 to 1992, the Company entered into five lease transactions with Cunningham Communications, Inc. ("Cunningham"), a corporation wholly owned by the Current Stockholders, to lease certain facilities from Cunningham. Four of the leases are capital leases having renewable terms of 10 years. Three of these leases are for rental space on broadcast towers and one of these leases is for the present studio and offices of WBFF and the Company. The other lease is a month to month lease for the old studio and offices of WBFF which are no longer in use. Aggregate annual rental payments related to these leases were $511,000, $401,000 and $406,000 in 1992, 1991 and 1990, respectively.

In January 1991, CTI entered into a ten-year capital lease for a new administrative facility for station WBFF and the Company's corporate offices with Keyser Investment Group, Inc. ("KIG"), a corporation wholly owned by the Current Stockholders. Additionally, in June 1991 CTI entered into a one-year renewable lease for parking facilities at the administration facility with KIG. Payments under these and the prior leases with KIG were $419,000, $218,000 and $102,000 in 1992, 1991 and 1990, respectively.

Gerstell Development Limited Partnership ("Gerstell"), an entity wholly owned by the Current Stockholders, was formed in April 1993 to acquire certain personal and real property interests of the Company in Pennsylvania. This transaction was completed in September 1993. Gerstell acquired the WPGH studio/transmitter site and tower for an aggregate of $2.0 million and leased the studio/transmitter site and tower to WPGH, Inc. for $14,875 per month and $25,000 per month, respectively. These are seven-year leases with four seven-year renewal periods. The Company expects that Gerstell will arrange for a loan from a bank lender for the construction on the studio/transmitter site of an expansion of the existing office building/television studio and the construction of a new tower having an estimated cost of an aggregate of $1.5 million. The completed office building/television studio and the new tower will be leased from Gerstell by WPGH, Inc. The Company believes that the leases with Gerstell are or will be at market rates and of an adequate duration.

Pursuant to a second acquisition agreement, Gerstell has agreed to purchase from the Company certain real estate in Pittsburgh for a purchase price equal to its appraised value of $115,000. The property is the location of the tower for WPTT in Pittsburgh.

Stock Redemptions

On September 30, 1990, the Company issued the Founders' Notes maturing on May 31, 2005, payable to Julian S. Smith and Carolyn C. Smith, former majority owners of the Company and the parents of the Current Stockholders, in the amounts of $7,515,000 and $6,700,000, respectively, in consideration of stock redemptions of 72.65% of the outstanding stock of the Company. The Founders' Notes are secured by security interests in all of the assets of the Company and its subsidiaries, and are personally guaranteed by the Current Stockholders.

Principal payments on the loan from Julian S. Smith are payable, in various amounts, each October, beginning October 1991 until October 2004, with a balloon payment due at maturity in the amount of $5,018,000. Additionally, monthly interest payments of $28,750 commenced on April 1993 and will continue until December 1996.

Principal payments on the loan from Carolyn C. Smith are payable each October, beginning October 1991 until October 2004, with a balloon payment due at maturity in the amount of $4,473,900. The notes include stated interest rates of 8.75%, payable annually from October 1990 until October 1992, then payable semi-annually thereafter, until maturity. The effective interest rate approximates 9.4%. For further description of the Founders' Notes, see "Description of Outstanding Indebtedness — Minority Note and Founders' Notes."

In December 1986, the Company entered into a non-competition agreement with Julian S. Smith in the aggregate amount of $345,000 per year. This agreement expired May 1993.

STOCKHOLDERS

All of the outstanding capital stock of the Company is owned by the Current Stockholders in equal percentages and is pledged to Chase Bank pursuant to the current Bank Credit Agreement.

DESCRIPTION OF OUTSTANDING INDEBTEDNESS

Bank Credit Agreement

In connection with the financing of the acquisition of WPGH and with the refinancing of a then-existing credit facility, the Company entered into a Bank Credit Agreement with Chase Bank and certain other lenders (collectively, the "Banks"). The obligations of the Company under the Bank Credit Agreement are guaranteed by the Subsidiaries. The following summary of the principal terms of the Bank Credit Agreement does not purport to be complete and is subject to detailed provisions of the Bank Credit Agreement, as amended, a copy of which is an exhibit to the Registration Statement of which this Prospectus is a part. See Note 3 to the Notes to Consolidated Financial Statements.

Pursuant to the Bank Credit Agreement, as amended, the Banks agreed to make loans up to $114 million consisting of two components: Term Loans in the principal amount of up to $99 million and a Revolving Credit Facility in the amount of up to $15 million. The Term Loans and outstanding amounts under the Revolving Credit Facility will be repaid in full with the proceeds of the Offering. Upon such repayment, the Term Loan will be cancelled; however, the amounts available under the Revolving Credit Facility may be reborrowed from time to time. The Revolving Credit Facility is being partially utilized for the $6.25 million letter of credit described in Note 14 to the Notes to the Consolidated Financial Statements. The Banks' commitments to make loans under the Revolving Credit Facility will expire on September 30, 1997, unless earlier paid by the Company or demanded by the Banks upon the occurrence of an Event of Default, as defined in the Bank Credit Agreement. The unborrowed portion of the Revolving Credit Facility may be reduced from time to time by the Company upon written notice to the Banks.

The Company is entitled to prepay the Term Loans and the outstanding amounts under the Revolving Credit Facility, subject to certain prepayment conditions and certain notice provisions, at any time and from time to time. In addition, the Company is required within 115 days after the end of each fiscal year, commencing on January 1, 1993, to pay 66 2/3% of the "Excess Cash Flow" (as defined in the Credit Agreement) (less any optional prepayments made during the preceding year) to the Banks for application first to the prepayment of the Term Loan and then to the outstanding amounts under the Revolving Credit Facility.

The Company's obligations under the Bank Credit Agreement are secured by a pledge of substantially all of its assets, including all of its capital stock and the capital stock of the Subsidiaries, accounts receivable, patents and trademarks, inventory, equipment, and various other existing and after-acquired assets. The Subsidiaries have guaranteed the obligations of the Company, and have pledged, to the extent permitted by law, all of their assets, including all of their capital stock. Further, Cunningham, KIG and Gerstell, all businesses that are owned and controlled by the Current Stockholders, were required to guarantee the obligations of the Company under the Bank Credit Agreement. Cunningham, KIG and Gerstell are landlords of the Subsidiaries. See "Certain Transactions — Affiliated Leases." The guarantees of Cunningham, KIG and Gerstell are secured by pledges of substantially all of the assets of each corporation.

The Bank Credit Agreement contains a number of covenants which restrict the operations of the Company and the Subsidiaries, including the ability to: (i) merge, consolidate, acquire or sell assets; (ii) create additional indebtedness; (iii) pay dividends; (iv) enter into certain arrangements with affiliates; or (v) incur corporate expenses in excess of specified limits. The Bank Credit Agreement prohibits the Company and the Subsidiaries from purchasing, redeeming, retiring, acquiring for value, or making any voluntary payment or prepayments of principal, interest, or other amount owing in respect of any "Subordinated Indebtedness" (as defined in the Bank Credit Agreement), except for regularly scheduled payments pursuant to the instruments evidencing such Subordinated Indebtedness. The Company anticipates receiving the consent of the Banks to this Offering and the use of the proceeds thereof. The Company and the Subsidiaries are also prohibited under the Bank Credit Agreement from incurring obligations for the acquisition of programming, exclusive of certain liabilities in place at the time of the Bank Credit Agreement, if, as a result of such acquisition, the cash payments on such programming exceed specified amounts as defined in the Bank Credit Agreement. These specified amounts for the fiscal year ending December 31, 1992 were $13 million.

In addition, the Company and the Subsidiaries are required to meet certain covenants under the Bank Credit Agreement, on a consolidated basis, as well as to maintain certain financial ratios, including a funded debt ratio, a current debt ratio and a fixed charges ratio.

The Events of Default under the Bank Credit Agreement include, among others: (i) the failure to pay principal, interest or other amounts when due; (ii) the failure by the Current Stockholders, KIG, Cunningham, the Company or the Subsidiaries to pay when due any other indebtedness in excess of $100,000 or the happening of any event specified in the instruments governing such indebtedness if the effect of such event is to cause, or to permit the holder or holders of such indebtedness to cause, such indebtedness to become due; (iii) the making of untrue representations and warranties; (iv) any of the members of the Smith Family, KIG, Cunningham, the Company or the Subsidiaries defaults in the performance of its obligations under the Bank Credit Agreement and the related security documents; (v) certain events of insolvency or bankruptcy related to the Current Stockholders, KIG, Cunningham, the Company and the Subsidiaries; (vi) the rendering of money judgments against the Current Stockholders, KIG, Cunningham, the Company and the Subsidiaries in excess of $100,000; (vii) the incurrence of certain liabilities to certain plans governed by the Employee Retirement Income Security Act of 1974; (viii) during any period of 25 consecutive calendar months, individuals who were directors of the Company on the first day of such period shall no longer constitute a majority of the board of directors of the Company; (ix) the security documents shall be terminated or shall cease to be in full force and effect; (x) any broadcast license (other than a non-material license) shall be terminated, forfeited or revoked or shall fail to be renewed for any reason whatsoever or for any reason a Subsidiary shall at any time cease to be a licensee under any broadcast license (other than a non-material broadcast license) relating to WBFF, WPGH or WTTE or the Company or WPGH, Inc. shall otherwise fail to have all required authorizations, licenses and permits to construct, own, operate or promote WPGH; (xi) Chesapeake Television, Inc. shall cease to be a wholly owned Subsidiary of WBFF, Inc.; the WTTE, Channel 28 Licensee, Inc. shall cease to be a wholly owned subsidiary of WTTE, Inc; the WPGH Licensee, Inc. shall cease to be a wholly owned subsidiairy of WPGH, Inc.; the Company shall cease at any time to own all of the issued shares of the capital stock of WBFF, Inc., WTTE, Inc. or WPGH, Inc.; any of the Current Stockholders shall cease at any time to own 25% of the issued shares of capital stock of the Company or shall cease to engage in the active management of the Company and the Subsidiaries (other than, in any case, by reason of death or disability); or (xii) any transfer of any common stock of the Company or any of the Subsidiaries or any right to receive such common stock or any other interest in the Company or any of the Subsidiaries shall be transferred and either (a) such transfer shall fail to comply with any applicable provision of the Communications Act as amended from time to time, or any applicable FCC rule, regulation or policy, or (b) the agent under the Bank Credit Agreement shall not have received prior to such transfer any opinion reasonably satisfactory to the majority lenders thereunder of counsel reasonably satisfactory to the majority lenders to the effect that such transfer does so comply.

Minority Note and Founders' Notes

Under the terms of a Stock Purchase Agreement dated December 22, 1986 between the Company and certain stockholders of the Company's predecessor, a note was issued in the principal amount of $6,421,483 (the "Minority Note"). The Minority Note is a general, unsecured obligation of the Company which matures on January 2, 1997. Interest and principal are paid on January 2 and July 1 of each and every year. The Minority Note bears interest at the annual rate of 18%. The Minority Note is *pari passu* in right of payment to the Notes.

On September 30, 1990, the Company issued the Founders' Notes to Julian S. Smith and Carolyn C. Smith. These notes are secured obligations of the Company subordinated as to right of payment and as to security to the obligations of the Company under the Bank Credit Agreement. In addition, the Founders' Notes are pledged as collateral to the Banks under the Bank Credit Agreement. The Founders' Notes were issued pursuant to a Stock Redemption Agreement, dated September 30, 1990. The Founders' Notes mature on May 31, 2005. The Founders' Note to Julian S. Smith is in the face amount of $7,515,000, and the Founders' Note to Carolyn C. Smith is in the face amount of $6,700,000. The Founders' Notes are senior in right of payment to the Notes. Principal payments on the loan from Julian S. Smith are payable, in various amounts, each October, beginning October 1991 until October 2004, with a balloon payment due at maturity in the amount of $5,018,000. Additionally, monthly interest payments of $28,750 commenced on April 1993 and will continue until December 1996.

Principal payments on the loan from Carolyn C. Smith are payable each October, beginning October 1991 until October 2004, with a balloon payment due at maturity in the amount of $4,473,900. The notes include stated interest rates of 8.75%, payable annually from October 1990 until October 1992, then payable semi-annually thereafter, until maturity. The effective interest rate approximates 9.4%.

The Subsidiaries, jointly and severally, have guaranteed the principal of and interest on both the Minority Note and the Founders' Notes.

The Founders' Notes contain covenants relating to certain business, financial, and operating matters of the Company and the Subsidiaries, including, but not limited to: restrictions on payment of dividends, redemptions of capital stock and certain kinds of investments, mergers and consolidations, occurrence of liens, sales of assets, capital expenditures, changes of control, and occurrence of indebtedness. The Minority Note prohibits the payment of dividends during a default thereunder.

DESCRIPTION OF THE NOTES

The Notes offered hereby will be issued under an Indenture to be dated as of , 1993 between the Company, and , as trustee (the "Trustee"), a copy of the form of which is filed as an exhibit to the Registration Statement and will be made available to prospective purchasers of the Notes upon request. The Indenture is subject to and governed by the Trust Indenture Act. The following summary of the material provisions of the Indenture does not purport to be complete, and where reference is made to particular provisions of the Indenture, such provisions, including the definitions of certain terms, are qualified in their entirety by reference to all of the provisions of the Indenture and those terms made a part of the Indenture by the Trust Indenture Act. For definitions of certain capitalized terms used in the following summary, see "— Certain Definitions."

General

The Notes will mature on , 2003, will be limited to $100,000,000 aggregate principal amount, and will be unsecured senior subordinated obligations of the Company. Each Note will bear interest at the rate set forth on the cover page hereof from , 1993 or from the most recent interest payment date to which interest has been paid, payable semiannually on and each year, commencing , 1994, to the Person in whose name the Note (or any predecessor Note) is registered at the close of business on the or next preceding such interest payment date.

Payment of the Notes is guaranteed by the Guarantors, jointly and severally, on a senior subordinated basis. The Guarantors are comprised of all the direct and indirect Wholly Owned Restricted Subsidiaries of the Company. See "— Guarantees."

Principal of, premium, if any, and interest on the Notes will be payable, and the Notes will be exchangeable and transferable (subject to compliance with transfer restrictions imposed by applicable securities laws for so long as the Notes are not registered for resale under the Securities Act), at the office or agency of the Company in the City of New York maintained for such purposes (which initially will be the Trustee); *provided, however,* that payment of interest may be made at the option of the Company by check mailed to the Person entitled thereto as shown on the security register. The Notes will be issued only in fully registered form without coupons, in denominations of $1,000 and any integral multiple thereof. (Section 302) No service charge will be made for any registration of transfer, exchange or redemption of Notes, except in certain circumstances for any tax or other governmental charge that may be imposed in connection therewith. (Section 305)

Optional Redemption

The Notes will be subject to redemption at any time on or after , 1998, at the option of the Company, in whole or in part, on not less than 30 nor more than 60 days' prior notice in amounts of $1,000 or an integral multiple thereof at the following redemption prices (expressed as percentages of the principal amount), if redeemed during the 12-month period beginning of the years indicated below:

Year	Redemption Price
1998	%
1999	
2000	

and thereafter at 100% of the principal amount, in each case together with accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on relevant record dates to receive interest due on an interest payment date).

In addition, at any time on or prior to , 1996, the Company may redeem up to 25% of the original principal amount of Notes with the net proceeds of a Public Equity Offering of the Company at % of the aggregate principal amount, together with accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on relevant record dates to receive interest due on an interest payment date).

If less than all of the Notes are to be redeemed, the Trustee shall select the Notes or portions thereof to be redeemed pro rata, by lot or by any other method the Trustee shall deem fair and reasonable. (Sections 203, 1101, 1105 and 1107)

Sinking Fund

There will be no sinking fund.

Subordination

The payment of the principal of, premium, if any, and interest on, the Notes will be subordinated, as set forth in the Indenture, in right of payment in cash or cash equivalents or in any other form as acceptable to the holders of Senior Indebtedness, to the prior payment in full of all Senior Indebtedness. The Notes will be senior subordinated indebtedness of the Company ranking *pari passu* with all other existing and future senior subordinated indebtedness of the Company and senior to all existing and future Subordinated Indebtedness of the Company.

During the continuance of any default in the payment of any Designated Senior Indebtedness no payment (other than payments previously made pursuant to the provisions described under "— Defeasance or Covenant Defeasance of Indenture") or distribution of any assets of the Company of any kind or character (excluding certain permitted equity or subordinated securities) shall be made on account of the principal of, premium, if any, or interest on, the Notes or on account of the purchase, redemption or other acquisition of, the Notes unless and until such default has been cured, waived or has ceased to exist or such Designated Senior Indebtedness shall have been discharged or paid in full in cash or cash equivalents or in any other form acceptable to the holders of Senior Indebtedness.

During the continuance of any non-payment default with respect to any Designated Senior Indebtedness pursuant to which the maturity thereof may be accelerated (a "Non-payment Default") and after the receipt by the Trustee from a representative of the holder of any Designated Senior Indebtedness of a written notice of such default, no payment (other than payments previously made pursuant to the provisions described under "— Defeasance or Covenant Defeasance of Indenture") or distribution of any assets of the Company of any kind or character (excluding certain permitted equity or subordinated securities) may be made by the Company on account of the principal of, premium, if any, or interest on, the Notes or on account of the purchase, redemption or other acquisition of, the Notes for the period specified below (the "Payment Blockage Period").

The Payment Blockage Period shall commence upon the receipt of notice of the Non-payment Default by the Trustee from a representative of the holder of any Designated Senior Indebtedness and shall end on the earliest of (i) the first date on which more than 179 days shall have elapsed since the receipt of such written notice (provided such Designated Senior Indebtedness as to which notice was given shall not theretofore have been accelerated), (ii) the date on which such Non-payment Default is cured, waived or ceases to exist or on which such Designated Senior Indebtedness is discharged or paid in full in cash or cash equivalents or in any other manner acceptable to the holders of Designated Senior Indebtedness or (iii) the date on which such Payment Blockage Period shall have been terminated by written notice to the Company or the Trustee from the representatives of holders of Designated Senior Indebtedness initiating such Payment Blockage Period, after which, in the case of clauses (i), (ii) and (iii), the Company shall promptly resume making any and all required payments in respect of the Notes, including any missed payments. In no event will a Payment Blockage Period extend beyond 179 days from the date of the receipt by the Trustee of the notice initiating such Payment Blockage Period (such 179-day period referred to as the "Initial Period"). Any number of notices of events of defaults may be given during the Initial Period; *provided* that during any 365 consecutive day period only one such period during which payment of principal of, or interest on, the Notes may not be made may commence and the duration of such period may not exceed 179 days. No Non-payment Default with respect to Designated Senior Indebtedness that existed or was continuing on the date of the commencement of any Payment Blockage Period will be, or can be, made the basis for the commencement of a second Payment Blockage Period, whether or not within a period of 365 consecutive days, unless such default has been cured or waived for a period of not less than 90 consecutive days. (Section 1203)

If the Company fails to make any payment on the Notes when due or within any applicable grace period, whether or not on account of the payment blockage provisions referred to above, such failure would constitute an Event of Default under the Indenture and would enable the holders of the Notes to accelerate the maturity thereof. See "— Events of Default."

The Indenture will provide that in the event of any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to the Company or its assets, or any liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary, or any assignment for the benefit of creditors or other marshalling of assets or liabilities of the Company, all Senior Indebtedness must be paid in full in cash or cash equivalents or in any other manner acceptable to the holders of Senior Indebtedness, or provision made for such payment, before any payment or distribution (excluding distributions of certain permitted equity or subordinated securities) is made on account of the principal of, premium, if any, or interest on the Notes.

By reason of such subordination, in the event of liquidation or insolvency, creditors of the Company who are holders of Senior Indebtedness may recover more, ratably, than the holders of the Notes, and funds which would be otherwise payable to the holders of the Notes will be paid to the holders of the Senior Indebtedness to the extent necessary to pay the Senior Indebtedness in full in cash or cash equivalents or in any other manner acceptable to the holders of Senior Indebtedness, and the Company may be unable to meet its obligations fully with respect to the Notes.

Each Guarantee of a Guarantor will be an unsecured senior subordinated obligation of such Guarantor, ranking *pari passu* with, or senior in right of payment to, all other existing and future Indebtedness of such Guarantor that is expressly subordinated to Guarantor Senior Indebtedness. The Indebtedness evidenced by the Guarantees will be subordinated to Guarantor Senior Indebtedness to the same extent as the Notes are subordinated to Senior Indebtedness and holders of certain designated Guarantor Senior Indebtedness will be able to initiate payment blockage periods, upon terms substantially comparable to the rights to initiate payment blockage periods held by holders of Designated Senior Indebtedness.

"Senior Indebtedness" is defined as the principal of, premium, if any, and interest (including interest, whether or not allowable, accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy laws) on any Indebtedness of the Company (other than as otherwise provided in this definition), whether outstanding on the date of the Indenture or thereafter created, incurred or assumed, and whether at any time owing, actually or contingent, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the Notes. Without limiting the generality of the foregoing, "Senior Indebtedness" shall include (i) the principal of, premium, if any, and interest (including interest, whether or not allowable, accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy laws) on all obligations of every nature of the Company from time to time owed to the lenders under the Bank Credit Agreement; *provided, however*, that any Indebtedness under any refinancing, refunding, or replacement of the Bank Credit Agreement shall not constitute Senior Indebtedness to the extent that the Indebtedness thereunder is by its express terms subordinate to any other Indebtedness of the Company, and (ii) Indebtedness outstanding under the Founders' Notes. Notwithstanding the foregoing, "Senior Indebtedness" shall not include (i) Indebtedness evidenced by the Notes, (ii) Indebtedness that is subordinate or junior in right of payment to any Indebtedness of the Company, (iii) Indebtedness which when incurred and without respect to any election under Section 1111(b) of Title 11 United States Code, is without recourse to the Company, (iv) Indebtedness which is represented by Disqualified Equity Interests, (v) any liability for foreign, federal, state, local or other taxes owed or owing by the Company, (vi) Indebtedness of the Company to a Subsidiary or any other

Affiliate of the Company or any of such Affiliate's Subsidiaries, (vii) that portion of any Indebtedness which at the time of issuance is issued in violation of the Indenture, (viii) Indebtedness of or amounts owed by the Company for compensation to employees or for services and (ix) Indebtedness outstanding under the Minority Note.

"Guarantor Senior Indebtedness" is defined as the principal of, premium, if any, and interest (including interest, to the extent allowable, accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy laws) on any Indebtedness of any Guarantor (other than as otherwise provided in this definition), whether outstanding on the date of the Indenture or thereafter created, incurred or assumed, and whether at any time owing, actually or contingent, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to any Guarantee. Without limiting the generality of the foregoing, "Guarantor Senior Indebtedness" shall include (i) the principal of, premium, if any, and interest (including interest, whether or not allowable, accruing after the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy laws) on all obligations of every nature of any Guarantor from time to time owed to the lenders under the Bank Credit Agreement; *provided, however,* that any Indebtedness under any refinancing, refunding, or replacement of the Bank Credit Agreement shall not constitute Guarantor Senior Indebtedness to the extent that the Indebtedness thereunder is by its express terms subordinate to any other Indebtedness of any Guarantor, and (ii) Indebtedness evidenced by any guarantee of the Founders' Notes. Notwithstanding the foregoing, "Guarantor Senior Indebtedness" shall not include (i) Indebtedness evidenced by the Guarantees, (ii) Indebtedness that is subordinate or junior in right of payment to any Indebtedness of any Guarantor, (iii) Indebtedness which when incurred and without respect to any election under Section 1111(b) of Title 11 United States Code, is without recourse to any Guarantor, (iv) Indebtedness which is represented by Disqualified Equity Interests, (v) any liability for foreign, federal, state, local or other taxes owed or owing by any Guarantor, (vi) Indebtedness of any Guarantor to a Subsidiary or any other Affiliate of the Company or any of such Affiliate's subsidiaries, (vii) Indebtedness evidenced by any gurantee of any Subordinated Indebtedness or Pari Passu Indebtedness, (viii) that portion of any Indebtedness which at the time of issuance is issued in violation of the Indenture, (ix) Indebtedness of or amounts owed by any Guarantor for compensation to employees or for services and (x) any guarantee of the Minority Note.

"Designated Senior Indebtedness" is defined as (i) all Senior Indebtedness outstanding under the Bank Credit Agreement and (ii) any other Senior Indebtedness which, at the time of determination, has an aggregate principal amount outstanding, together with any commitments to lend additional amounts, of at least $25,000,000 and is specifically designated in the instrument evidencing such Senior Indebtedness or the agreement under which such Senior Indebtedness arises as "Designated Senior Indebtedness" by the Company.

As of June 30, 1993, on a pro forma basis, after giving effect to the sale of the Notes and the application of the estimated net proceeds thereof, the aggregate amount of Senior Indebtedness that ranked senior in right of payment to the Notes would have been $13.1 million, and the aggregate amount of indebtedness that is *pari passu* in right of payment with the Notes would have been $3.9 million. In connection with the Proposed Acquisitions, the Company intends to incur an additional $180 million of indebtedness, all or a portion of which may constitute Senior Indebtedness. See "Investment Considerations — Subordination of the Notes and the Guarantees; Asset Encumbrances" and "Capitalization."

Guarantees

The Guarantors will, jointly and severally, unconditionally guarantee the due and punctual payment of principal of, premium, if any, and interest on, the Notes. Such guarantees will be subordinated to the Guarantor Senior Indebtedness. See "— Subordination." As of June 30, 1993, on a pro forma basis, after giving effect to the sale of the Notes offered hereby and the application of the estimated net proceeds thereof, the aggregate amount of Guarantor Senior Indebtedness that ranked senior in right of payment to the Guarantees would have been $18.9 million (including $13.1 million of outstanding indebtedness representing guarantees of Senior Indebtedness). In addition, under certain circumstances described under "— Certain Covenants — *Limitations on Issuances of Guarantees of and Pledges for Indebtedness,*" the Company is required to cause the execution and delivery of additional Guarantees by Restricted Subsidiaries. (Section 1012).

In addition, upon any sale, exchange or transfer, to any Person not an Affiliate of the Company, of all of the Company's Equity Interest in, or all or substantially all of the assets of, any Guarantor, which is in compliance with the Indenture, such Guarantor shall be released from all its obligations under its Guarantee.

Certain Covenants

The Indenture contains, among others, the following covenants:

Limitation on Indebtedness. The Company may not, and may not permit any Restricted Subsidiary to, create, incur, assume or directly or indirectly guarantee or in any other manner become directly or indirectly liable for ("incur") any Indebtedness (including Acquired Indebtedness), except that the Company may incur Indebtedness and a Guarantor may incur Permitted Subsidiary Indebtedness if, in each case, the Debt to Operating Cash Flow Ratio of the Company and its Restricted Subsidiaries at the time of the incurrence of such Indebtedness, after giving pro forma effect thereto, is 7:1 or less, *provided* that any Permitted Acquisition Indebtedness incurred by the Company shall have an Average Life to Stated Maturity no shorter than the Average Life to Stated Maturity of the Notes.

The foregoing limitation will not apply to the incurrence of any of the following (collectively, "Permitted Indebtedness"):

(i) Indebtedness of the Company under the Bank Credit Agreement in an aggregate principal amount at any one time outstanding not to exceed (a) $180,000,000 under any term loans made pursuant thereto, minus all principal payments made in respect of any term loans; *provided* that such amount shall be reduced by the amount of any Indebtedness incurred pursuant to clause (iv) of this definition of "Permitted Indebtedness"; and (b) $25,000,000 under any revolving credit facility thereunder;

(ii) Indebtedness of the Company pursuant to the Notes and Indebtedness of any Guarantor pursuant to a Guarantee;

(iii) Indebtedness of any Guarantor consisting of a guarantee of the Company's Indebtedness under the Bank Credit Agreement;

(iv) Permitted Acquisition Indebtedness in the aggregate principal amount at any time outstanding not to exceed $180,000,000 minus the amount of any Indebtedness incurred pursuant to clause (i)(a) of this definition of "Permitted Indebtedness";

(v) Indebtedness of the Company or any Restricted Subsidiary outstanding on the date of the Indenture and listed on Schedule I thereto;

(vi) Indebtedness of the Company owing to a Restricted Subsidiary; *provided* that any Indebtedness of the Company owing to a Restricted Subsidiary is made pursuant to an intercompany note and is subordinated in right of payment from and after such time as the Notes shall become due and payable (whether at Stated Maturity, acceleration or otherwise) to the payment and performance of the Company's obligations under the Notes; *provided, further,* that any disposition, pledge or transfer of any such Indebtedness to a Person (other than a disposition, pledge or transfer to a Wholly Owned Restricted Subsidiary or a pledge to or for the benefit of the lenders under the Bank Credit Agreement) shall be deemed to be an incurrence of such Indebtedness by the obligor not permitted by this clause (vi);

(vii) Indebtedness of a Wholly Owned Restricted Subsidiary owing to the Company or another Wholly Owned Restricted Subsidiary; *provided* that (x) any such Indebtedness is made pursuant to an intercompany note in the form attached to the Indenture and (y) any Indebtedness of a Guarantor owing to a Wholly Owned Restricted Subsidiary which is not a Guarantor shall be subordinated in right of payment from and after such time as the obligations under the Guarantee by such Wholly Owned Restricted Subsidiary shall become due and payable to the payment and performance of such Wholly Owned Restricted Subsidiary's obligations under its Guarantee; *provided, further,* that (a) any disposition, pledge or transfer of any such Indebtedness to a Person (other than a disposition, pledge or transfer to the Company or a Wholly Owned Restricted Subsidiary or pledge to or for the benefit of the lenders under the Bank Credit Agreement) shall be deemed to be an incurrence of such Indebtedness by the obligor not permitted by this clause (vii) and (b) any transaction pursuant to which any Wholly Owned Restricted Subsidiary, which has Indebtedness owing to the Company or any other Wholly Owned Restricted Subsidiary, ceases to be a Wholly Owned Restricted Subsidiary shall be deemed to be the incurrence of Indebtedness by such Wholly Owned Restricted Subsidiary that is not permitted by this clause (vii);

(viii) guarantees of any Restricted Subsidiary made in accordance with the provisions of " – *Limitation on Issuances of Guarantees of and Pledges for Indebtedness*";

(ix) obligations of the Company entered into in the ordinary course of business pursuant to Interest Rate Agreements designed to protect the Company against fluctuations in interest rates in respect of Indebtedness of the Company, which obligations do not exceed the aggregate principal amount of such Indebtedness;

(x) any renewals, extensions, substitutions, refundings, refinancings or replacements (collectively, a "refinancing") of any Indebtedness described in clauses (ii), (iii), (iv) and (v) above, including any successive refinancings so long as the aggregate principal amount of Indebtedness represented thereby is not increased by such refinancing plus the lesser of (I) the stated amount of any premium or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced or (II) the amount of premium or other payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses of the Company incurred in connection such refinancing and, in the case of Pari Passu or Subordinated Indebtedness, such refinancing does not reduce the Average Life to Stated Maturity or the Stated Maturity of such Indebtedness; and

(xi) Indebtedness of the Company in addition to that described in clauses (i) through (x) above, and any renewals, extensions, substitutions, refinancings, or replacements of such Indebtedness, so long as the aggregate principal amount of all such Indebtedness shall not exceed $10,000,000.

Limitation on Restricted Payments. (a) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly:

(i) declare or pay any dividend on, or make any distribution to holders of, any of the Company's Equity Interests (other than dividends or distributions payable solely in its Qualified Equity Interests);

(ii) purchase, redeem or otherwise acquire or retire for value, directly or indirectly, any Equity Interest of the Company or any Affiliate thereof (except Equity Interests held by the Company or a Wholly Owned Restricted Subsidiary);

(iii) make any principal payment on, or repurchase, redeem, defease, retire or otherwise acquire for value, prior to any scheduled principal payment, sinking fund or maturity, any Subordinated Indebtedness;

(iv) declare or pay any dividend or distribution on any Equity Interests of any Subsidiary to any Person (other than the Company or any of its Wholly Owned Restricted Subsidiaries);

(v) incur, create or assume any guarantee of Indebtedness of any Affiliate (other than a Wholly Owned Restricted Subsidiary of the Company); or

(vi) make any Investment in any Person (other than any Permitted Investments)

(any of the foregoing payments described in clauses (i) through (vi), other than any such action that is a Permitted Payment, collectively, "Restricted Payments") unless after giving effect to the proposed Restricted Payment (the amount of any such Restricted Payment, if other than cash, as determined by the Board of Directors of the Company, whose determination shall be conclusive and evidenced by a board resolution), (1) no Default or Event of Default shall have occurred and be continuing and such Restricted Payment shall not be an event which is, or after notice or lapse of time or both, would be, an "event of default" under the terms of any Indebtedness of the Company or its Restricted Subsidiaries; and (2) the aggregate amount of all such Restricted Payments declared or made after the date of the Indenture does not exceed the sum of:

(A) an amount equal to the Company's Cumulative Operating Cash Flow less 1.4 times the Company's Cumulative Consolidated Interest Expense; and

(B) the aggregate Net Cash Proceeds received after the date of the Indenture by the Company from capital contributions (other than from a Subsidiary) or from the issuance or sale (other than to any of its Subsidiaries) of its Qualified Equity Interests (except, in each case, to the extent such proceeds are used to purchase, redeem or otherwise retire Equity Interests or Pari Passu Indebtedness or Subordinated Indebtedness as set forth below).

(b) Notwithstanding the foregoing, and in the case of clauses (ii) through (v) below, so long as there is no Default or Event of Default continuing, the foregoing provisions shall not prohibit the following actions (clauses (i) through (v) being referred to as "Permitted Payment"):

(i) the payment of any dividend within 60 days after the date of declaration thereof, if at such date of declaration such payment would be permitted by the provisions of paragraph (a) of this Section and such payment shall be deemed to have been paid on such date of declaration for purposes of the calculation required by paragraph (a) of this Section;

(ii) any transaction with an officer or director of the Company entered into in the ordinary course of business (including compensation or employee benefit arrangements with any officer or director of the Company);

(iii) the repurchase, redemption, or other acquisition or retirement of any Equity Interests of the Company in exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection therewith cash is paid in lieu of the issuance of fractional shares or scrip), or out of the Net Cash Proceeds of, a substantially concurrent issue and sale for cash (other than to a Subsidiary) of other Qualified Equity Interests of the Company; *provided* that the Net Cash Proceeds from the issuance of such Qualified Equity Interests are excluded from clause (2)(B) of paragraph (a) of this Section;

(iv) any repurchase, redemption, defeasance, retirement or acquisition for value or payment of principal of any Subordinated Indebtedness in exchange for, or out of the net proceeds of, a substantially concurrent issuance and sale for cash (other than to any Subsidiary of the Company) of any Qualified Equity Interests of the Company, *provided* that the Net Cash Proceeds from the issuance of such shares of Qualified Equity Interests are excluded from clause (2)(B) of paragraph (a) of this Section; and

(v) the repurchase, redemption, defeasance, retirement, refinancing, acquisition for value or payment of principal of any Subordinated Indebtedness (other than Disqualified Equity Interests) (a "refinancing") through the issuance of new Subordinated Indebtedness of the Company, as the case may be, *provided* that any such new Indebtedness (1) shall be in a principal amount that does not exceed the principal amount so refinanced or, if such Subordinated Indebtedness provides for an amount less than the principal amount thereof to be due and payable upon a declaration or acceleration thereof, then such lesser amount as of the date of determination), plus the lesser of (I) the stated amount of any premium or other payment required to be paid in connection with such a refinancing pursuant to the terms of the Indebtedness being refinanced or (II) the amount of premium or other payment actually paid at such time to refinance the Indebtedness, plus, in either case, the amount of expenses of the Company incurred in connection with such refinancing; (2) has an Average Life to Stated Maturity greater than the remaining Average Life to Stated Maturity of the Notes; (3) has a Stated Maturity for its final scheduled principal payment later than the

Stated Maturity for the final scheduled principal payment of the Notes; and (4) is expressly subordinated in right of payment to the Notes at least to the same extent as the Indebtedness to be refinanced. (Section 1009)

Limitation on Transactions with Affiliates. The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with any Affiliate of the Company (other than the Company or a Wholly Owned Restricted Subsidiary) unless (a) such transaction or series of transactions is in writing on terms that are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than would be available in a comparable transaction in arm's-length dealings with an unrelated third party and (b) (i) with respect to any transaction or series of transactions involving aggregate payments in excess of $1,000,000, the Company delivers an officers' certificate to the Trustee certifying that such transaction or series of related transactions complies with clause (a) above and such transaction or series of related transactions has been approved by a majority of the members of the Board of Directors of the Company (including a majority of Independent Directors); and (ii) with respect to any transaction or series of transactions involving aggregate payments in excess of $5,000,000, an opinion as to the fairness to the Company or such Restricted Subsidiary from a financial point of view issued by an investment banking firm of national standing. Notwithstanding the foregoing, this provision will not apply to (A) any transaction with an officer or director of the Company entered into in the ordinary course of business (including compensation or employee benefit arrangements with any officer or director of the Company), (B) any transaction entered into by the Company or one of its Wholly Owned Restricted Subsidiaries with a Wholly Owned Restricted Subsidiary of the Company, and (C) transactions in existence on the date of the Indenture. (Section 1010)

Limitation on Senior Subordinated Indebtedness. The Company will not, and will not permit any Guarantor to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise in any manner become directly or indirectly liable for or with respect to or otherwise permit to exist any Indebtedness that is subordinate in right of payment to any Indebtedness of the Company or such Guarantor, as the case may be, unless such Indebtedness is also *pari passu* with the Notes or the Guarantee of such Guarantor, or subordinate in right of payment to the Notes or such Guarantee in the same manner as the Notes or such Guarantee are subordinate in right of payment to Senior Indebtedness or Guarantor Senior Indebtedness, as the case may be, as set forth in the Indenture. (Section 1011)

Limitation on Liens. The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, incur, affirm or suffer to exist any Lien of any kind upon any of its property or assets (including any intercompany notes), now owned or acquired after the date of the Indenture, or any income or profits therefrom, except if the Notes are directly secured equally and ratably with (or prior to in the case of Liens with respect to Subordinated Indebtedness) the obligation or liability secured by such Lien, excluding, however, from the operation of the foregoing any of the following:

(a) any Lien existing as of the date of the Indenture;

(b) any Lien arising by reason of (1) any judgment, decree or order of any court, so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree or order shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired; (2) taxes not yet delinquent or which are being contested in good faith; (3) security for payment of workers' compensation or other insurance; (4) good faith deposits in connection with tenders, leases, contracts (other than contracts for the payment of money); (5) zoning restrictions, easements, licenses, reservations, provisions, covenants, conditions, waivers, restrictions on the use of property or minor irregularities of title (and with respect to leasehold interests, mortgages, obligations, liens and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under a landlord or owner of the leased property, with or without consent of the lessee), none of which materially impairs the use of any parcel of property material to the operation of the business of the Company or any Subsidiary or the value of such property for the purpose of such business; (6) deposits to secure public or statutory obligations, or in lieu of surety or appeal bonds; (7) certain surveys, exceptions, title defects, encumbrances, easements, reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph or telephone lines and other similar purposes or zoning or other restrictions as to the use of real property not interfering with the ordinary conduct of the business of the Company or any of its Subsidiaries; or (8) operation of law in favor of mechanics, materialmen, laborers, employees or suppliers, incurred in the ordinary course of business for sums which are not yet delinquent or are being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof;

(c) any Lien now or hereafter existing on property of the Company or any of its Restricted Subsidiaries securing Senior Indebtedness or Guarantor Senior Indebtedness, in each case which Indebtedness is permitted under the provisions of *"Limitation on Indebtedness"* and provided that the provisions described under *"Limitation on Issuances of Guarantees of and Pledges for Indebtedness"* are complied with;

(d) any Lien securing Acquired Indebtedness created prior to (and not created in connection with, or in contemplation of) the incurrence of such Indebtedness by the Company or any Subsidiary, in each case which Indebtedness is permitted under the provisions of *"Limitation on Indebtedness"*; *provided* that any such Lien only extends to the assets that were subject to such Lien securing such Acquired Indebtedness prior to the related transaction by the Company or its Subsidiaries;

(e) any Lien securing Permitted Subsidiary Indebtedness; and

(f) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (a) through (e) so long as the amount of security is not increased thereby. (Section 1012)

Limitation on Sale of Assets. (a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless (i) at least 80% of the proceeds from such Asset Sale are received in cash and (ii) the Company or such Restricted Subsidiary receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the shares or assets sold (as determined by the Board of Directors of the Company and evidenced in a board resolution); *provided, however*, that clause (i) shall not prohibit the divestiture of the broadcast license related to Channel 45 in Baltimore, Maryland in connection with the grant of a broadcast license to certain Affiliates of the Company for VHF Channel 2 in Baltimore, Maryland and the receipt of promissory notes as consideration therefor from any Person other than an Affiliate, *provided* that at least 50% of the proceeds from such Asset Sale are received in cash.

(b) If all or a portion of the Net Cash Proceeds of any Asset Sale are not required to be applied to repay permanently any Senior Indebtedness then outstanding as required by the terms thereof, or the Company determines not to apply such Net Cash Proceeds to the permanent prepayment of such Senior Indebtedness or if no such Senior Indebtedness is then outstanding, then the Company may within 12 months of the Asset Sale, invest the Net Cash Proceeds within 12 months of the Asset Sale in properties and assets that (as determined by the Board of Directors) replace the properties and assets that were the subject of the Asset Sale or in properties and assets that will be used in the businesses of the Company or its Restricted Subsidiaries existing on the date of the Indenture or reasonably related thereto. The amount of such Net Cash Proceeds neither used to permanently repay or prepay Senior Indebtedness nor used or invested as set forth in this paragraph constitutes "Excess Proceeds."

(c) When the aggregate amount of Excess Proceeds equals $5,000,000 or more, the Company shall apply the Excess Proceeds to the repayment of the Notes and any Pari Passu Indebtedness required to be repurchased under the instrument governing such Pari Passu Indebtedness as follows: (a) the Company shall make an offer to purchase (an "Offer") from all holders of the Notes in accordance with the procedures set forth in the Indenture in the maximum principal amount (expressed as a multiple of $1,000) of Notes that may be purchased out of an amount (the "Note Amount") equal to the product of such Excess Proceeds multiplied by a fraction, the numerator of which is the outstanding principal amount of the Notes, and the denominator of which is the sum of the outstanding principal amount of the Notes and such Pari Passu Indebtedness (subject to proration in the event such amount is less than the aggregate Offered Price (as defined herein) of all Notes tendered) and (b) to the extent required by such Pari Passu Indebtedness to permanently reduce the principal amount of such Pari Passu Indebtedness, the Company shall make an offer to purchase or otherwise repurchase or redeem Pari Passu Indebtedness (a "Pari Passu Offer") in an amount (the "Pari Passu Debt Amount") equal to the excess of the Excess Proceeds over the Note Amount; *provided* that in no event shall the Pari Passu Debt Amount exceed the principal amount of such Pari Passu Indebtedness plus the amount of any premium required to be paid to repurchase such Pari Passu Indebtedness. The offer price shall be payable in cash in an amount equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date (the "Offer Date") such Offer is consummated (the "Offered Price"), in accordance with the procedures set forth in the Indenture. To the extent that the aggregate Offered Price of the Notes tendered pursuant to the Offer is less than the Note Amount relating thereto or the aggregate amount of Pari Passu Indebtedness that is purchased is less than the Pari Passu Debt Amount (the amount of such shortfall, if any, constituting a "Deficiency"), the Company shall use such Deficiency in the business of the Company and its Restricted Subsidiaries. Upon completion of the purchase of all the Notes tendered pursuant to an Offer and repurchase of the Pari Passu Indebtedness pursuant to a Pari Passu Offer, the amount of Excess Proceeds, if any, shall be reset at zero.

(d) Whenever the Excess Proceeds received by the Company exceed $5,000,000, such Excess Proceeds shall, prior to the purchase of Notes or any Pari Passu Indebtedness described in paragraph (c) above, be set aside by the Company in a separate account pending (i) deposit with the depositary or a paying agent of the amount required to purchase the Notes or Pari Passu Indebtedness tendered in an Offer or a Pari Passu Offer, (ii) delivery by the Company of the Offered Price to the holders of the Notes or Pari Passu Indebtedness tendered in an Offer or a Pari Passu Offer and (iii) application, as set forth above, of Excess Proceeds in the business of the Company and its Restricted Subsidiaries. Such Excess Proceeds may be invested in Temporary Cash Investments, *provided* that the maturity date of any such investment made after the amount of Excess Proceeds exceeds $5,000,000 shall not be later than the Offer Date. The Company shall be entitled to any interest or dividends accrued, earned or paid on such Temporary Cash Investments, *provided* that the Company shall not withdraw to such interest from the separate account if an Event of Default has occurred and is continuing.

(e) If the Company becomes obligated to make an Offer pursuant to clause (c) above, the Notes shall be purchased by the Company, at the option of the holder thereof, in whole or in part in integral multiples of $1,000, on a date that is not earlier than 45 days and not later than 60 days from the date the notice is given to holders, or such later date as may be necessary for the Company to comply with the requirements under the Exchange Act, subject to proration in the event the Note Amount is less than the aggregate Offered Price of all Notes tendered.

(f) The Company shall comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with an Offer.

(g) The Company will not, and will not permit any Restricted Subsidiary to, create or permit to exist or become effective any restriction (other than restrictions existing under (I) Indebtedness as in effect on the date of the Indenture as such Indebtedness may be refinanced from time to time or (II) any Senior Indebtedness existing on the date of the Indenture or thereafter, in each case, *provided* that such restrictions are no less favorable to the holders of Notes than those existing on the date of the Indenture) that would materially impair the ability of the Company to make an Offer to purchase the Notes or, if such Offer is made, to pay for the Notes tendered for purchase. (Section 1013)

Limitation on Issuances of Guarantees of and Pledges for Indebtedness. (a) The Company will not permit any Restricted Subsidiary, other than the Guarantors, directly or indirectly, to secure the payment of any Senior Indebtedness of the Company and the Company will not pledge any intercompany notes representing obligations of any Restricted Subsidiary to secure the payment of any Senior Indebtedness unless in each case such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for a guarantee of payment of the Notes by such Restricted Subsidiary, which guarantee shall be on the same terms as the guarantee of the Senior Indebtedness (if a guarantee of Senior Indebtedness is granted by any such Restricted Subsidiary)